

# Experimental economics summary paper



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Summary Introduction The article of Richard H. Thaler en d ' Anomalies: The Ultimatum Game' is a comprehensive discussion of how a rational humanbeing behaves in a world where there is a prevailing concept of fairness and selfishness. The article presented different point of views on how two individuals in a bargaining situation behaves when it comes to considering how much they will get from the said activity. The basic assumption presented in the article is that in the bargaining situation in the Ultimatum Game, the allocators will tend to offer something closer to zero while the recipients will receive something positive offer. Something positive may be uncertain because the article presented some facts that recipients somehow have either rational or irrational reasons (Thaler 202). Thus, the article pointed out the basic role of human behavior in the ongoing economic trend in the world. The Ultimatum Game is not just a simple game but it has substantial implications in the real world.

Main Findings The first main finding presented in the article is about how people may decide rationally or irrationally in a bargaining situation. In either way, the main point is that people understand the concept of having much more is a better option than having less or none in the context of decision-making process situation. Even though an individual understands that having more than enough is better than having less, still the concept of fairness is very significant in the article. Applying this in the actual setting, consumers may be unwilling to participate in exchange when the other party gets a large portion of the surplus (Thaler 203). The Ultimatum Game is a perfect replica of what is happening in the actual setting. People tend to adhere to the concept of fairness because everyone seems wanting to get much more, but in reality this cannot happen most of the time. This resulted to meeting somewhere at the midway where

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the concept of fairness prevails. Description of an important result The proponent would like to emphasize the concept of fairness as an important result presented in the article. Fairness was highly emphasized to highly motivate an individual to either accept or reject an offer in the context of the real situation particularly in the market setting. A seller is much willing to provide the best offer because in the long-run this will ensure business stability due to the fact that rational consumers are looking for the best deal (Thaler 203). Question The proponent would like to emphasize the significance of available options or alternatives in human's rational behavior. Thus, a particular question would be: How fair is fair when monetary considerations are included in options that speak about fairness? This question can be closely identified when students involved in the Ultimatum Game would have been given the chance to explore further the possible options how to divide the allocated money among them. In the real world, a rational individual always faced with decisions that involved considerations of what is fair. However, considering that an individual may at some point behave irrationally just like in the case of Ultimatum Game, then there must be a different way to look at how fairness can be achieved in this case.

Reference Thaler, Richard H. " Anomalies: The Ultimatum Game." The Journal of Economic Perspectives 2: 4 (1988): 195-206.